

Message Text

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DRAFTED BY TREAS:FLWIDMAN
APPROVED BY EUR/WE:EMROWELL
TREAS:GLPARSKY
EB/IFD/OMA:CARL CUNDIFF
EUR/RPE:WARREN CLARK
EXIM - R. ALBRIGHT
EB/OIA:RSMITH
EB/GCP - C. BLACK
EB/ODF - R. SWART
EB/IFD/OMA - R. RYAN

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TAGS:

SUBJECT: WASHINGTON VISIT OF SPANISH FINANCE MINISTRY TEAM

1. DISCUSSIONS BETWEEN VARIOUS U.S. GOVERNMENT AGENCIES AND THE SPANISH FINANCE MINISTRY MISSION HEADED BY UNDER SECRETARY RENDUELES ON MARCH 25-26 WERE CARRIED OUT IN EXTREMELY FRIENDLY COOPERATIVE ATMOSPHERE.

2. TREASURY ASSISTANT SECRETARY PARSKY MADE CLEAR TO LIMITED OFFICIAL USE
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SPANISH MISSION THAT U.S. HAD NO BASIS ON WHICH TO CONSIDER THEIR REQUEST FOR LONG-TERM, LOW INTEREST, GOVERNMENT-TO-GOVERNMENT LOANS OR FOR COMPREHENSIVE FINANCING OF U.S. TRADE IMBALANCE WITH SPAIN. NEVERTHELESS, PARSKY EXPRESSED

CONFIDENCE THAT IT WOULD BE POSSIBLE TO DEVELOP A DECLARATION WHICH WOULD PORTRAY IN POLITICALLY ADVANTAGEOUS FASHION THE INTENTIONS OF THE TWO GOVERNMENTS TO COOPERATE IN ECONOMIC SPHERE. IN THIS CONNECTION HE MENTIONED (A) INITIATIVES TO INCREASE U.S. PRIVATE INVESTMENT IN SPAIN; (B) THE POSSIBILITY OF THE USE OF ANNOUNCED TRADE TARGETS AS AN INDICATOR OF DESIRED DEVELOPMENTS; (C) PUBLIC IDENTIFICATION OF PRIORITY AREAS FOR ATTENTION IN THE TRADE AND INVESTMENT FIELD; (D) REFERENCE TO BILATERAL TRADE ISSUES, INCLUDING THE POSSIBILITY OF EXTENDING GSP TO SPAIN;

(E) IDENTIFICATION OF SUCH TYPES OF TRADE FINANCING AS MIGHT ON EXAMINATION PROVE TO BE FEASIBLE (COMMODITY CREDIT CORPORATION AND PL 480); (F) CONTINUING CONSIDERATION BY THE EXPORT-IMPORT BANK OF APPLICATIONS FOR SPECIFIC PROJECT FINANCING; AND (G) REFERENCE TO THE POTENTIAL FOR FINANCING FROM MULTILATERAL INSTITUTIONS SUBJECT TO NORMAL CONDITIONALITY REQUIREMENTS.

3. IN RESPONSE RENDUELES ACKNOWLEDGED THAT BILATERAL LOANS WOULD BE DIFFICULT BUT EXPRESSED THE HOPE THAT THERE WOULD BE SOME ROOM FOR FINANCING OF TRADE IMBALANCES. HE NOTED THE ASSURANCE OF THE EXPORT-IMPORT BANK THAT IT IS NOT EXIM PRACTICE TO IMPOSE A FLAT DOLLAR CEILING ON ITS LOANS BY COUNTRY AND DID NOT INTEND TO IMPOSE ANY CEILINGS ON SPAIN. RENDUELES RECOGNIZED THE NEED TO FOCUS ON TRADE AND INVESTMENT TRENDS. HE AGREED TO REPORT THE RESULTS OF THE CONVERSATIONS TO MINISTER VILLAR MIR AND TO BE IN TOUCH WITH PARSKY WITH RESPECT TO THE POSSIBILITY OF VILLAR MIR VISIT TO WASHINGTON AND ANY FURTHER DISCUSSIONS IN PREPARATION FOR SUCH A VISIT.

4. IN ADDITION TO MEETINGS AT TREASURY, SPANISH DELEGATION MET WITH UNDER SECRETARY ROBINSON AT STATE, VICE CHAIRMAN SAUER AT EXPORT-IMPORT BANK AND DEPUTY ASSISTANT SECRETARY KATZ AT COMMERCE. CONGRESSMAN REES ATTENDED A LUNCHEON FOR THE DELEGATION HOSTED BY TREASURY ASSISTANT
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SECRETARY PARSKY.

5. THE FINAL MEETING OF THE VISIT, WITH UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS CHARLES W. ROBINSON WAS BRIEF AND CONSISTED PRIMARILY OF A REVIEW OF THE PREVIOUS MEETINGS.

6. ON DEPARTING ROBINSON'S OFFICE, EUR/WE (ROWELL) HAD A QUICK CLOSE-OUT TALK WITH RENDUELES. RENDUELES SAID IT IS HARD TO SEE WHAT THERE MIGHT BE IN THE WAY OF A WORTHWHILE DECLARATION FOR VILLAR MIR TO SIGN IN MAY. THE GOS HAD HOPED FOR BILATERAL FINANCIAL SUPPORT AND THAT IS NOT

POSSIBLE. A DECLARATION IS NOT NECESSARY OR PARTICULARLY MEANINGFUL IN TERMS OF SPANISH ACCESS TO MULTILATERAL FINANCIAL HELP -- THAT THE U.S. WOULD SUPPORT SPANISH APPLICATIONS IS TAKEN FOR GRANTED. PERHAPS ON THE COMMERCIAL SIDE SOMETHING MIGHT BE DONE. ROWELL AGREED GENERALLY WITH RENDUELES' ASSESSMENT, BUT ADDED THAT THERE SEEM TO BE NO RPT NO POSSIBILITIES IN GSP, CONTRARY TO PARSKY'S CLOSE OUT STATEMENT (RENDUELES NODDED ASSENT). ALSO, AGRICULTURAL COMMODITY FINANCING PROSPECTS (CCC LOANS) ARE POOR -- NONE ARE POSSIBLE FROM FY '76, THE

CCC BUDGET FOR FY '77 HAS BEEN CUT TO HALF OF THAT FOR '76 AND EVEN IF SOME CCC CREDITS COULD BE ARRANGED THEY WOULD BE VERY SMALL IN RELATION TO SPAIN'S NEED. THE MAIN EFFORT SHOULD BE DIRECTED AT GETTING SIGNIFICANT HELP FROM THE MULTILATERAL INSTITUTIONS TO TIDE SPAIN OVER THE 2-3 YEAR PERIOD NEEDED FOR ITS RECOVERY/ STABILIZATION STRATEGY TO TAKE EFFECT. KISSINGER

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